

wasteful spending to new heights, and its allies in Congress are all too quick to defend it. The last time the Senate voted on a balanced budget amendment, the government's annual deficit was about \$100 billion, the national debt was about \$5.5 trillion, and it failed by a single vote—a single vote. Today, the annual deficit is \$1.6 trillion, and the national debt is \$14.5 trillion.

The President and his party need to be held accountable. The fiscal mess they have helped create calls for rehab. That is what the balanced budget amendment would provide—a spending straitjacket. No more blank checks. If Democrats won't pass a budget of their own, it is time Americans impose a budget on them. Americans are not about to let Democrats use another crisis as an excuse to expand the size of government.

If ever there were a time for Washington to pass through a crisis and come out smaller on the other side, it is right now. Republicans are totally united in this effort. All we need is 20 Democrats to join us. Washington should be forced to make the kinds of difficult choices the rest of the country has to make. Lawmakers should have to make the case for a spending increase before they approve it. Never again can they just spend away and then demand in the teeth of a crisis that taxpayers cough up the money—as I said earlier, the taxpayer bailout.

It is time to put the American people back at the helm of our ship of state, and if that is what this vote achieves, then this debate we are having this summer will have been well worth it. If Washington is forced to finally reform its ways, then one day we will look back and say that the American people won this debate, and we will say the balanced budget amendment was just the thing we needed to get the house in order. Broke or balanced, that is the choice before us.

I look forward to this vote. The American people clearly want it. Let's hold Washington accountable, and let's begin to restore power to the people who sent us here not to do our own will but to carry out theirs. That is the principle at stake. It is about the kind of government we want to have—a government of the people or a government above the people. That is the choice. Much depends on the outcome.

Madam President, I yield the floor.

RESERVATION OF LEADER TIME

The ACTING PRESIDENT pro tempore. Under the previous order, the leadership time is reserved.

MORNING BUSINESS

The ACTING PRESIDENT pro tempore. Under the previous order, the Senate will be in a period of morning business for 1 hour, with Senators permitted to speak therein for up to 10 minutes each, with the time equally di-

vided and controlled between the two leaders or their designees, with Republicans controlling the first half and the majority controlling the second half.

The Senator from Utah.

Mr. HATCH. Madam President, I ask unanimous consent to engage in a colloquy with my Republican colleagues.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

BALANCED BUDGET AMENDMENT

Mr. HATCH. Madam President, today we are beginning what might prove one of the most consequential debates in American history. The American people are demanding that Congress debate and pass a balanced budget amendment to the Constitution. They are going to get that debate, and I am confident that if Congressmen and Senators listen to their constituents, the citizens of this Nation are going to have the opportunity to ratify a balanced budget amendment this year. All 47 Republican Members of the Senate are of one mind on the need for a balanced budget amendment to the Constitution. We have listened to our constituents who are pleading with us to take action that will permanently resolve our debt crisis and keep us from getting into this situation again.

The situation is a disaster. We all know the numbers: three straight trillion-dollar-plus deficits; \$14.5 trillion in debt and rising every day; \$62 trillion in total liability that this government owns. Since Democrats last passed a budget—that was over 790 days ago—our national debt has risen by \$3.2 trillion, and now the administration is asking for more.

We simply cannot do this anymore. Madam President, 100 percent of our tax revenues are spent on mandatory spending and interest on the debt. Every other penny is borrowed. The money is simply not there to finance a government of this size, and everyone knows this, although not everyone will admit it. They know deficit spending and skyrocketing debt have come to an end. Our Nation's current debt-to-GDP ratio is 95 percent. Countries with debt above 95 percent of GDP have growth that is 1 percent below normal, resulting in a loss of 1 million jobs. Our debt is a lead weight around the neck of the economy.

But in the current negotiations over the debt limit, the administration insists that it is Republicans who, by refusing to pass an increase of the debt limit that does not include meaningful efforts to address our fiscal situation, are holding back the economic recovery and undercutting the stock and bond markets. This has things exactly backward. The markets understand that our long-term deficit projections are moving toward a full-blown debt crisis. The markets understand that we are currently on the glidepath to Greece. The markets would respond like gangbusters to spending cuts,

spending caps, and a balanced budget amendment that brings our long-term fiscal problems under control.

I am more convinced than ever that a balanced budget amendment to the Constitution is essential if we are to right our fiscal ship. This is not the first time we have been down this road, but the stakes could not be higher this time, and the amendment could not be better designed to address the crisis. Our amendment is not just an amendment for fiscal balance, it is an amendment that takes on the root cause of our current debt crisis; that is, government spending. Our amendment requires a balanced budget. It establishes a spending cap of 18 percent of GDP, and it establishes supermajority requirements for tax increases or future debt-limit increases.

We will hear a number of tired arguments against the BBA. Its opponents will say the amendment is not properly vetted. We have been talking about the balanced budget amendment for decades, and if we had passed it back in 1997, when it fell by 1 vote short of being sent to the States for ratification, we would not be in the mess we are in today.

They will say it stacks the deck by requiring spending cuts rather than tax increases to balance the budget. This is an issue I will address at length, but the American people understand the solution to a spending crisis is not to give the government more money to spend, especially this government.

They will say a balanced budget amendment is unnecessary and Congress just needs to do its job. But we have heard this over and over before, and the American people know that waiting for Congress to balance the budget and shrink the size of government without a constitutional amendment is less fruitful than waiting for Godot.

They will say the spending cuts required as a result of this BBA will hurt children and the elderly. But the real harm to our children will be when we hand them a future of national indebtedness and dim economic prospects, and the real harm to the elderly will be the coming bankruptcy of the Nation's entitlement programs—the guaranteed result of the President's failure to lead on entitlement reform.

Finally, they will say the Constitution should not be amended. I agree that it should not be amended lightly, but the Founders themselves expected that changing circumstances and national emergencies would demand amendments to the Constitution from time to time.

The American people understand that this is one of those times. In this country, the people are sovereign, the Constitution is their Constitution, and they are demanding that Congress pass a balanced budget amendment and send it to them and the States for ratification.

My hope is that the party of Thomas Jefferson will listen to their constituents and follow their founder's lead,

keeping faith in the people and their good sense and stewardship over the Constitution.

Later this summer we will vote on a balanced budget amendment. God willing, this fall the people in the States will start down the road to ratification.

I am proud to be joined this morning by several of my colleagues who have been critical leaders on the balanced budget amendment. Each brings a unique perspective to this debate, and I think it is great that they are standing up to lead on this issue.

I yield 5 minutes to my colleague, the junior Senator from Kentucky. He is a remarkable spokesperson for limited government, and I am glad to have him on my side in the coming fight for the balanced budget amendment.

Mr. PAUL. Madam President, the balanced budget amendment is interesting when you look at polls and ask the American public: Do you approve of what Congress is doing? Do you approve of congressional action? Do you think they are doing a good job? It is actually 14 percent to 15 percent of the American public who think we are doing a good job. The other side of that equation is, you ask the American public: Do you think a balanced budget amendment would help Congress do a better job? It is 75 percent to 80 percent of the American public who think we would do a better job if we had a balanced budget amendment.

I don't think this is a partisan issue. I would ask the Senator from Utah—and perhaps an opinion from the Senator from Texas—do you think this should be a partisan issue or do you think this goes beyond partisanship, and can we get the Democrats to understand this isn't a Republican-Democratic issue but really an issue for the good of the country?

Mr. HATCH. Well, that should go way beyond partisanship. If we pass it here by the requisite two-thirds vote and we pass it in the House, which we will, this will be submitted to the States, and then the States can make their determination whether or not we have a balanced budget amendment. The Democrats who hate the balanced budget amendment—some of them; in fact, most of them—all they have to do is get 13 States to defeat it. We have to get 38 States to win. Frankly, we will win this because the American people are with us. And this is the right thing to do. It is the right thing to do at this time. It is the only thing that is going to get us to right this fiscal ship.

Mr. PAUL. What does the Senator say to those who say that statutory caps would work, something like Gramm-Rudman or something like pay-as-you-go? What is his answer?

Mr. HATCH. Gramm-Rudman lasted all but a year and a half, 2 years, before the same people went on a spending spree again, although it was a light spending spree compared to today. Today it is multitrillions of dollars.

I have to tell you that has never worked. We have to put a straitjacket

into this matter where the Congress has to live the way 49 States have to live. There is only one State that doesn't require a balanced budget in its State constitution. Why should we have a requisite desire—not only desire but rule to have a balanced budget as well? I am convinced that we have to do it after being in the Senate for 35 years and seeing, year after year after year, people unwilling to do this.

Mr. PAUL. And I think what is interesting, if you look at this and you really look at polling data and say: Who is for the balanced budget amendment, it goes across all party lines. If you look at Independents, Democrats, if you look at Republicans, it is in the high sixties to the midseventies in the percentage of the public who would like to see this. And I think it goes hand in hand that they don't think we are doing a good enough job here and that we need more backbone, and the Constitution is supposed to be our backbone. The Constitution helps us to do a good job, to help restrain the size and growth of government.

I can't see an argument against this, and I really don't understand how a vast majority of the public can be for this and yet this body still refuses to act.

Mr. HATCH. I agree with the Senator. I think the Senator makes very good points there. Frankly, I know this body very well. I am the most senior Republican. I have been here 35 years. I have seen year after year after year excuses to go into debt, excuses to deficit spend, excuses for why they are putting our country into this terrible state of bankruptcy—just plain excuses. And, of course, they hide behind the fact that they are trying to do it for the good of the people. It is not for the good of the people. It is not good to not live within your means, and unfortunately that is what has been going on here all of the time I have been here.

Mr. PAUL. I think one of the alarming things we see is that on the course we are taking now, if we do nothing dramatic to reform the process—if we don't pass the balanced budget amendment—within about a decade, the budget will be entirely consumed by entitlements and interest. This is being driven by something beyond the control of Republicans, beyond the control of Democrats, and out of everyone's hands. It has to do with the fact that we are living longer and there are fewer young people and more old people because a lot of babies were born after World War II.

These are demographic facts we can't escape. When we look at some of the charts about what goes on with this, we see what happens if we do nothing. We see the projected debt way out here. Most of this debt problem is entitlements. We have to come together as parties. The balanced budget amendment will help us do this, but then we need to acknowledge that these problems exist and we need to come to-

gether—both parties—to figure out solutions.

I think the balanced budget amendment may well be what forces us to have a discussion. To be good legislators, we need to decide priorities instead of just adding on new program after new program. We have 80 different Federal programs that are work programs. We need to think about consolidating and minimizing government. I think the balanced budget amendment would allow us to have a discussion in this body on where we can cut spending.

Mr. HATCH. Madam President, I wish to thank the distinguished Senator from Kentucky. I think he states it very well. That is the whole purpose of the balanced budget amendment. So I thank him for his cogent remarks and his erudition.

Last week, I signed a pledge that many people in this body are hearing about from their constituents. It is called the cut, cap, and balance pledge. Those of us who signed this pledge committed ourselves to significant spending cuts, a cap on government spending, and a balanced budget amendment to the Constitution as a condition for supporting any increase in the debt limit. I was pleased to work with my colleague from Utah, Senator LEE, in developing a balanced budget amendment that is supported by every Republican in this body. Of course, we worked with many others as well, especially Senator CORNYN. I am now pleased to be working with him on the goals of the cut, cap, and balance coalition, a remarkable group of grassroots activists committed to getting our Nation's spending under control.

Madam President, I yield 5 minutes to my friend and colleague from Utah, Senator LEE.

Mr. LEE. I thank my distinguished colleague, my senior Senator from Utah, Mr. HATCH, for his leadership on the balanced budget amendment over the years. He has been a consistent and stalwart advocate for the cause of amending the Constitution in such a way that restricts Congress's ability to engage in deficit spending.

It is the practice of perpetual, reckless deficit spending that has created this almost \$15 trillion debt we are now dealing with. It is this practice of perpetual, excessive deficit spending that has fueled the expansion of the Federal Government far beyond the limits the Founding Fathers had in mind and far beyond the natural limits this government can handle.

It is important to remember we are now spending through the Federal Government more than 25 percent of our annual GDP. More than one-quarter of every dollar that moves through the American economy is consumed by Washington. This is a problem. This is a problem, and it is, unfortunately, not something that is at all consistent with where we have been historically as Americans.

We have to remember that for about the first 140 years of our Republic's existence under the Constitution, our Federal spending was nowhere near this high as a percentage of GDP. Between 1790 and the early 1930s, the Federal Government tended to spend between 1.5 and 4 percent of GDP every single year, year in and year out. There were two blips, two exceptions—one during the Civil War and one during World War I and its immediate aftermath. But after those cycles passed, we went right back to where we had been before. That started to change in the 1930s and we have been on a gradual upswing almost ever since then to where we are now above 25 percent.

But it gets worse. By the year 2035, we are predicted to be spending almost 34 percent of gross domestic product by the Federal Government every single year. As a result, the Federal Government will be commanding a very substantial portion of the American economy. That makes every American less free. The more government spends—the more money it has access to and the more it borrows on our behalf—the less free we become, the less individual liberty we have to spend our money, to use our resources, to devote our lives to the pursuits we choose.

That is why the cut, cap, and balance pledge is necessary to support individual liberty and to protect our most basic freedoms, because it will protect us from the inexorable growth of the government.

We are at an important time in American history. We are at a time when we are being asked to extend our debt limit once again; a time when we are being asked to say: Yes, we are going to give the Federal Government authority to borrow even more money against our unborn children and grandchildren. This is a problem.

One reason we are willing to sign this pledge is that we are willing to say: OK. We have been put on a path with government spending at this rate. We can't halt that spending immediately. We are willing to consider raising the debt limit but if and only if certain conditions have been satisfied to make sure this doesn't continue in perpetuity. We need cuts. We need some kind of significant cuts to our spending right now. We need some kind of statutory spending cap to put us on a gradual glidepath toward a balanced budget. Most importantly, we have to amend the U.S. Constitution so as to say this will not continue in perpetuity and future Congresses will not be able to do what Senator HATCH referred to a minute ago, which is exempt itself out of statutory spending caps once it has adopted them.

We can't bind future Congresses to cut \$2 trillion over the course of a decade or more because we can't command future Congresses to do what we want it to do unless, of course, we amend the Constitution, which is why we have to do that right now. This is essential to economic progress in America. This is

essential to economic well-being and to individual liberty in America.

I would love to talk with anyone who wants to about this. I have invited Utahans who may be in town and I invite anyone within the sound of my voice, here or elsewhere, to join me in my office this Wednesday—today—and every Wednesday at 3:30, when we have what we refer to as a JELL-O bar. Utah consumes more JELL-O per capita than any State in the Union. We serve up JELL-O and we will talk about the cut, cap, and balance pledge.

Thank you very much.

Mr. HATCH. Madam President, I thank the Senator from Utah. He is a wonderful Senator and he serves as a leader in this area.

I don't have enough good words to say about my friend from Texas, my colleague, Senator CORNYN, who was a judge on the Supreme Court in Texas before coming here. From the minute he set foot in this Chamber, he has been a strong conservative, committed to constitutional government. From the beginning of this Congress, he knew we needed to pass a balanced budget amendment, and we are going to need him in this fight.

I yield 5 minutes to my friend and colleague from Texas, Senator CORNYN.

Mr. CORNYN. Madam President, I join my colleagues from Kentucky and the junior Senator from Utah in recognizing the leadership of the senior Senator from Utah, Mr. HATCH, on this even more compelling issue today than it was even back in 1997, the balanced budget amendment.

I couldn't help but be struck by the figures the senior Senator from Utah mentioned earlier when he said that in 1997, the House of Representatives passed the balanced budget amendment. It came to the Senate and failed by one vote. The deficit in 1997 was roughly \$107 billion. Today, it is \$1.5 trillion. The national debt in 1997, if I recall what the Senator said—and he can correct me if I am wrong—today it is roughly \$14.3 trillion, approaching \$15 trillion. Back in 1997, it was \$5 trillion. Did I get those figures roughly correct?

Mr. HATCH. The Senator did. Back in 1997, we lost by one vote. I was leading the fight on the floor. We had 67 votes and one of our Senators flipped on us at the last minute and we lost it by one vote.

Mr. CORNYN. I agree with the Senator from Kentucky who says this is not a partisan issue. As a matter of fact, back in 1997 a lot of our Democratic colleagues joined Republicans to vote in favor of a balanced budget amendment. If there is an issue that threatens not only the economy but also our national security today more than the national debt, I don't know what it is.

The Chairman of the Joint Chiefs of Staff, Admiral Mullen, said the single largest threat to our national security is the debt. Secretary of State Hillary Clinton said the debt sends a message of weakness internationally.

I was just over at the Heritage Foundation giving a speech. They are studying the role of China in the world, the rise of China, but particularly what I was concerned about, and the subject of my remarks, was the fact that the Treasury Department estimates that \$1.1 trillion of U.S. debt is held by the Communist Chinese Government. That is one-third of all our outstanding debt. We know that at least on one occasion, a retired Chinese general said that if we didn't do what China wanted, they would then threaten to disrupt our economy by selling off the debt they own. So my colleagues may care to comment.

Larry Lindsey, the renowned economist, wrote an article recently where we cited three things that worry him the most about high unemployment and the lassitude of the private sector. He said it is slow economic growth, of course, because many in the private sector are discouraged—the entrepreneurs who create jobs, the job creators who would otherwise expand—and slow economic growth concerns him. I think in the first quarter it was 1.8 of our gross domestic product. It is not enough to generate jobs to get people back to work and one reason for our high unemployment.

He said the other two issues that worry him the most are, one, the interest payments on our national debt. He points out that because of the Federal Reserve policy, the interest rates on our national debt are at below historic norms. He points out, for example, if inflation were to kick in or the Federal Reserve, for some reason, should decide to tighten its policy and raise interest rates, what it would do to balloon the interest payments alone on our national debt in a way that would threaten our ability to fund national defense or other issues as well.

Two, he also points out the exploding costs of the health care bill, with more and more employees incentivized to dump people onto the State-based exchanges subsidized by taxpayers as opposed to their employers.

I wonder if any of my colleagues—I see the Senator from Kentucky—may have some comments about the interest on the debt and what he views as a threat to our economy and our security.

Mr. PAUL. From that same article, it is interesting that he talks about what happens if interest rates rise. For every point of an interest rate rising, it adds \$140 billion. So he talks about getting back to the historic average of 5.4 percent, that over 10 years it would add \$4.9 trillion to our debt problem. But here is the rub. We are having discussions where people are saying we are going to cut \$2.5 trillion over 10 years. Senator HATCH points out we cannot bind future Congresses. Senator LEE said the same thing. So when they promise us that they are going to cut \$2.5 trillion, compare that to what happens if interest rates rise. One, we

can't bind future Congresses, but if interest rates rise, all of a sudden we have \$5 trillion in extra expenses.

We must bind future Congresses and we must bind ourselves by amending the Constitution.

Mr. CORNYN. Madam President, I couldn't agree more with the Senator from Kentucky. This is the silent but potentially deadly threat to our whole economy. If interest rates were to go up, if China purchases more of our debt, they are not going to buy it at current rates; we are going to have to offer a better rate of return.

The ACTING PRESIDENT pro tempore. The Senator has consumed 5 minutes.

Mr. CORNYN. So I join my colleagues in supporting the balanced budget amendment. I look forward to the vote on this amendment—some time during the week of July 18 I think we are shooting for. We invite our colleagues on the other side to join us. The reason we are here today is because it is important to let the people across the country know what we are doing, the solution we are proposing, and to ask them to encourage other Senators and Congressmen to support it because this is the single most important thing we could do to get our economy back on track and to save generations in the future.

Mr. HATCH. Madam President, I thank my colleague for those cogent remarks.

My colleague from North Dakota, Senator HOEVEN, knows a thing or two about balancing budgets. As a former Governor, he knows this is something States have to do every day. Governors and legislatures balance their books by making the tough decisions the Federal Government is too often unwilling to make.

So I yield the remaining time to my friend and colleague from North Dakota, Senator HOEVEN.

Mr. HOEVEN. Madam President, I thank my esteemed colleague, the senior Senator from Utah, for taking the lead on this balanced budget amendment. I am pleased to join him, pleased to be one of the original cosponsors, and I am extremely pleased every member of the Republican caucus—all 47 Senators are supporting this balanced budget amendment and doing everything we can to reach across the aisle and bring our Democratic colleagues with us and then to send this balanced budget amendment to a vote—to pass this balanced budget amendment by a two-thirds vote—and then send it out to the States for ratification. Three-fourths of the States would have to ratify it as well. I believe they will.

What a great way for us to join together at the Federal and State level to make sure we live within our means, that we balanced our budget, that we do the things we need to do to not only get this economy back on track but to make sure future generations can enjoy the great country, the great op-

portunity we and those who have gone before us have enjoyed in the United States of America. We have that opportunity. We need to seize that opportunity by passing this balanced budget amendment.

As the senior Senator from Utah correctly mentioned just a minute ago, I had the opportunity—the great honor and privilege—to serve my State as Governor. As a matter of fact, at the time I was elected to the Senate, last year, I was the longest serving Governor in the United States. I served for a decade. Every single year we balanced our budget.

Madam President, 49 of the 50 States have some form of balanced budget requirements. The only one that does not is Vermont. Forty-nine States have that requirement. This year, so far, 46 of the States are expected to balance their budgets.

Families balance their budgets. Businesses have to balance their budgets. Cities have to balance their budgets. States have to balance their budgets. The Federal Government needs to balance its budget. It is not doing that.

When we look at the statistics—we have gone through them before, but these statistics we have to continue to talk about; our current situation is something we have to continue to talk about with the American people—right now, our revenues are \$2.2 trillion. The annual revenues to the Federal Treasury, \$2.2 trillion. Our expenses are \$3.7 trillion. That is about a \$1.5 trillion, 1.6 trillion deficit each and every year.

When we roll that up, that is why we are now at \$14.5 trillion in debt, and that debt continues to grow. But it is similar to any debt, as any family can tell us or any business can tell us or any State can tell us, that as we continue to accumulate and grow that deficit and accumulate that debt, it gets harder and harder to get on top of it. It is akin to having credit cards. As one continues to charge and add to that balance on the credit card, it gets more and more difficult to get on top of that debt and deficit and reduce it.

So we have to get started. We have to get going. The task gets harder, not easier. That is what the balanced budget amendment is all about. We need the President to lead. When we talk about getting this debt under control, we need the President to lead. We cannot have a situation where we spend more and then simply borrow more or try to raise taxes to cover that spending. That is making it worse. We need this administration to join us. We need our colleagues to join us, to get a grip on this spending, to start by passing this balanced budget amendment.

If we look back to the decade of the 1980s and then into the 1990s and we look at President Reagan and his approach and his leadership for this country, he came and said: We have the most dynamic economy in the history of the world, so we have to create an environment, a pro-jobs, pro-growth environment that stimulates job cre-

ation, that stimulates private investment, that puts people back to work, that gets this economy growing. As we get that economy growing, we have the resources then to do the things we need to do: to invest in infrastructure, to make sure we take care of those who need help, to make sure we have health care for our citizens. But at the same time—at the same time—we need to control our spending and live within our means. That is the rising tide that lifts all boats. That is how we make sure everybody participates in the great opportunity that is the very foundation of this country.

But to get back to that point, we need this balanced budget amendment. We need this fiscal discipline in Washington to make sure we continue to honor the legacy we have, the legacy we have been given, and that we continue to make this country the country of opportunity. I know we can do it.

I thank the Senator from Utah for his leadership in this effort, and I thank my colleagues for joining together on this balanced budget amendment. I ask all our colleagues to join with us so we can pass it.

The ACTING PRESIDENT pro tempore. The Senator's time has expired.

Mr. HOEVEN. Madam President, I yield the floor.

Mr. HATCH. Madam President, I thank my colleagues. I ask unanimous consent for 1 additional minute and to give the other side an additional minute.

The ACTING PRESIDENT pro tempore. Without objection, it is so ordered.

Mr. HATCH. I thank the Acting President pro tempore.

I thank my colleagues. They have made some very prescient points on how important this balanced budget amendment is.

By the President's own Actuary, by 2020, our national debt will be over \$20 trillion. The interest alone will be over \$1 trillion. We will not have any money for the poor, the sick, and the needy because we have not lived within our means. We simply have to get spending under control. The only way to do that is to do what all these 49 States have to do every year; that is, balance our budget through a requisite constitutional amendment.

Let me make one last point; that is, I do not know why the Democrats—some Democrats—fight against this. Because literally, even if we pass it through both Houses of Congress by the requisite two-thirds vote, there is still going to be a big battle in the States, and if they hate it, they can fight it out there in the States.

I think the reason they fight it is they know if we pass it here, it is going to pass through the States very fast because almost every State knows what we have to do. Almost everybody of intelligence knows what we have to do.

I yield the floor.

The ACTING PRESIDENT pro tempore. The Senator from Iowa.

SHORT MEMORIES

Mr. HARKIN. Madam President, just listening to my good friend from Utah speaking—and he is a good friend of mine—and others who have been speaking for the last half hour, memories are short, very short—I mean very short. Forget about the attention span. Memories are very short. How soon we forget that at the end of the Clinton years, after we had worked with President Clinton to pass measures that brought in more revenues that kept our spending under control, we had 4 years of balanced budgets—4 years—not only of balanced budgets but budget surpluses.

When President Clinton left office, he left George W. Bush the biggest surplus ever in our history. CBO said if we just continued on with the policies we had, we would have paid off the national debt by 2010. But what did the Republicans do? They came riding into town in 2001. They got the White House. They got the Senate. They got the House. What did they do? They took that surplus we had and said: Hey, we have to give this to the wealthy. We have to have tax cuts for the wealthiest in our society. That is what they did. How did they do it? They snuck it through on something called reconciliation—a budget measure which means we cannot filibuster it, and it only takes 50 votes. That is what the Republicans did. They squandered it—squandered it—to give more to the wealthiest in our society. Look what has happened since then.

Then we had two unpaid-for wars. George Bush got us in those wars. Don't pay for them; we will just borrow it from China, borrow it from other countries. Then a new prescription drug benefit, unpaid for. We will just borrow more money.

Now these same Republicans who ran up the deficit, squandered the surplus, are now saying we have to balance the budget on the backs of the middle class. We have to balance the budget on those who already are hurting so much. But, no, we cannot raise revenues on the wealthy. Oh, no. No, no, we cannot do that.

As I said, memories are short. They all want a balanced budget amendment now. Why don't we do what we did under the Clinton years? Let's have the same kind of economic policies we had then? Then we will have balanced budgets. But, no, not my Republican friends. No. They say they want to limit government spending to 18 percent of GDP. I would like to ask: Where does that number come from? Why is it 18 percent? Why isn't it 18.5 percent? Why isn't it 17.75 percent? Why isn't it 19.23 percent? Where does 18 percent come from?

Let me tell you where this comes from. The last time the Federal Government was 18 percent of GDP spending was 1967, before Medicare got underway. So read between the lines what the Republicans are saying: If they could get that down to 18 percent, they

can do away with Medicare, which is what they want to do anyway. The Republicans want to do away with Medicare. If we can get the Federal Government's role of spending down to 18 percent, we are back where we were in 1967. Guess what. We can get rid of Medicare and turn it back over to the private insurance companies. That is what the Ryan budget did. That is what the Republican budget did. That is what they all voted for.

So when they tell us about 18 percent of GDP, think Medicare. Think Medicare. Goodbye Medicare. That is what they are after.

BOLD VISIONS

Mr. HARKIN. Madam President, we have reached a point of maximum danger—maximum danger—in our fragile economic recovery. We are mired with the most protracted period of joblessness since the Great Depression. Businesses are reluctant to invest and hire for the simple reason there is not sufficient demand for goods and services, largely because—why—so many people are unemployed, 20 million. People are mired in debt. Even those who are working are insecure about their employment. So for most Americans in the middle class and lower income, this is still a deep recession.

I have come to the floor repeatedly in recent weeks to warn against the folly—the folly—of Washington's current obsession with making immediate Draconian cuts to the Federal budget, something that by its very nature will drain demand, reduce growth, and destroy jobs.

The Federal Reserve Board Chairman, Ben Bernanke, warned just last week:

In light of the weakness of the recovery, it would be best not to have a sudden and sharp fiscal consolidation in the very near term. It would be a negative for growth.

Here in the Washington bubble, many—especially those on the opposite side of the aisle—have persuaded themselves that the biggest issue is the budget deficit. But outside the beltway, outside Washington, Americans are most concerned with a far more urgent deficit: the jobs deficit.

I am also concerned about a third deficit that I think we have: a deficit of vision. I am disturbed by our failure to confront the current economic crisis with the boldness and the vision that earlier generations of Americans summoned in times of national challenge.

Our Republican friends reject the very possibility that the Federal Government can act to spur economic growth, boost competitiveness, and create good middle-class jobs. That is their ideological position, and they are sticking to it, even in the face of contrary facts. It is based on a profound misreading or perhaps nonreading of American history.

As Americans, we pride ourselves on our robust free enterprise system. But there are some things—big national un-

dertakings—that the private sector simply is not capable of doing. At critical junctures, going back to the beginning of our Republic, the Federal Government has stepped to the plate. We have acted decisively to spur economic growth, foster innovation, and create jobs.

So let's go back. Let's do a little analysis of our history.

The Founding Fathers are very much in vogue these days, so let's go back to that time. Let's go back to Alexander Hamilton, a hero of the Revolutionary War, our first Treasury Secretary. In 1791 Hamilton presented the Congress the landmark report on manufacturers, a set of policies designed to strengthen our new economy.

His plan was adopted by Congress. It included tariffs to raise revenue and to protect our domestic manufacturing base. Hamilton's plan was a historic success. It was echoed several decades later by Congressman Henry Clay's famous "American System." In the burst of nationalism following the War of 1812, Clay advocated for major new Federal investments in infrastructure. Of course, at that time he did not call it infrastructure, he called it internal improvements.

Clay led the Congress in raising new revenues to finance subsidies for roads, canals, bridges, and projects designed to expand commerce and knit the Nation together. One of those internal improvements was the Cumberland Road, our first truly national road. It began in Maryland and stretched over the Alleghenies more than 600 miles to Illinois. It was Henry Clay of Kentucky and other westerners who pushed to extend the road from Wheeling, WV, to Columbus, OH.

But, again, go back and read your history. Clay was bitterly opposed by those who said the Federal Government could not afford to build the roads and canals and had no business doing so. It sounds familiar to what I am hearing on the other side of the aisle today. History shows that the naysayers were wrong on all counts.

The Cumberland Road opened the West to settlers and commerce and development. Of course, the most visionary 19th century advocate of Federal investments to spur economic growth was a Republican, the first Republican President, Abraham Lincoln.

Despite the disruption of the Civil War, Lincoln insisted on moving the Nation forward through bold Federal investments and initiatives. In 1862 he signed the Pacific Railway Act, authorizing huge Federal land grants to finance construction of the Transcontinental Railroad, one of the great technological feats of the 19th century. To produce the rails in America rather than shipping them in from England, he enacted a steep tariff on foreign steel in order to jump-start the American steel industry.

Lincoln did much more. He created the Department of Agriculture to do more research, distributed free land to